

2. PUI, a corporation organized and existing under the laws of the State of South Carolina, is a public utility as defined in S.C. Code Ann. § 58-5-10(4) (2015). PUI is authorized to provide sewer service to the public for compensation in certain portions of Richland and Kershaw Counties and currently serves approximately 14,100 customers in its authorized service territory. The current schedule of rates and charges for PUI's wastewater service was approved by the Commission in Docket No. 2014-69-S by way of Order No. 2014-752, dated September 18, 2014.

3. Ni Pacolet Milliken Utilities, LLC. ("Ni Pacolet"), a Delaware limited liability company, owns 100% of Ni South Carolina LLC, which owns 100% of PRC. Ni Pacolet also owns 100% of Ni South Carolina Utilities, Inc., which owns 100% of PUI. Thus, PRC and PUI are under the indirect common ownership and control of Ni Pacolet and are affiliated entities.

4. All communications or inquiries regarding this Joint Application should be directed as set forth below:

a. Joint Applicant's Representatives:

Mr. Bryan Stone
Mr. Mark Daday
1710 Woodcreek Farms Road
Elgin, South Carolina 29045

b. Legal Counsel:

John M. S. Hoefler, Esquire
Benjamin P. Mustian, Esquire
Willoughby & Hoefler, P.A.
Post Office Box 8416
Columbia, South Carolina 29202-8416
(803) 252-3300

REQUEST FOR APPROVAL OF MERGER

5. PRC and PUI have entered into a Plan of Merger, attached hereto and incorporated herein by reference as Exhibit A, to merge PRC with and into PUI, with PUI being the surviving entity.

6. The Plan of Merger is conditioned upon, among other things, receipt of approval from this Commission, and no merger of PRC and PUI shall occur unless and until such approval is obtained. All closing documents will be fully executed only upon approval of this Joint Application by the Commission and any other necessary regulatory action or approval.¹

7. If this Joint Application is granted by the Commission and the merger is consummated, PUI will be vested with all the rights, privileges, powers, immunities, franchises, assets, and property of PRC, to include PRC's sewer systems, service territories, personal and business property, real property, easements, governmental authorizations (including the certificates of public convenience and necessity issued to), sewer system permits issued by the South Carolina Department of Health and Environmental Control ("DHEC"), and such other permits and property as are owned by PRC.

8. In addition, the PRC customers will become customers of PUI if the Joint Application is granted and the merger is consummated. Further, PRC will discontinue the

¹ By way of a copy of this filing, PRC and PUI will notify the South Carolina Department of Health and Environmental Control of this application. PRC and PUI submit that no such notice is required of any other governmental entities or wastewater utilities inasmuch as PRC and PUI are existing certificated entities and the pertinent entities and utilities that could have been affected were then notified.

provision of sewer service to the public and will no longer have an authorized service territory or the related certificate of public convenience and necessity authorizing it to provide sewer service in South Carolina. Upon closing of the merger, the service area that would be authorized to PUI would consist of the current service territories of PRC and PUI. Upon such approval and notice to the Commission that the merger has been closed, PRC would request that its certificate of public convenience and necessity be cancelled and PUI would request that its certificate of public convenience and necessity be deemed amended to reflect that the service territory and assets of PRC used in the provision of its sewer service have been vested in PUI.

9. Following the merger and until such time as a rate adjustment or other rate schedule modification is approved by the Commission, PUI will continue to charge the former PRC customers for sewer service pursuant to the current schedule of rates and charges approved by this Commission for PRC in Commission Order No. 2012-960. The Joint Applicants would note that the forcemain interconnecting the PRC collection system to PUI's Spears Creek Regional Wastewater Treatment Plant ("Spears Creek WWTP") contemplated in Order No. 2012-960 is nearing completion and that recovery of the cost of treatment for all flow in the consolidated service territory at Spears Creek WWTP will be sought in a future rate proceeding seeking, *inter alia*, approval of a consolidated rate schedule if the Joint Application is approved and the merger is consummated.

10. The Joint Applicants submit that the proposed merger of PRC with and into PUI is in the public interest. As a result of the proposed merger, customers of both entities will benefit from centralized operations, increased efficiency, and reduced regulatory

expenses. The proposed merger also will serve judicial and administrative economy in that it will (a) reduce the number of rate cases required for the separate customer bases now served by PRC and PUI and (b) eliminate the need for a proceeding before the Commission to establish a bulk treatment charge for PUI to impose on PRC (*see* Order No. 2012-960 at 4, n.3) for treatment of the wastewater generated in the current PRC service territory.

11. Attached hereto and incorporated herein by reference as Exhibit B is DHEC's acknowledgment that PRC currently holds a valid satellite sewer system permit, that PUI has capacity to accept flow from the PRC collection system, and that this satellite sewer system permit would be terminated upon completion of the connection of the current PRC collection system with the forcemain described above.

12. Based upon the foregoing, it is in the public interest that the Plan of Merger and the resulting merger of PRC with and into PUI, with PUI being the surviving entity, be approved.

WHEREFORE, PRC and PUI respectfully requests that the Commission take the following action:

- A. Approve the Plan of Merger and the actions provided for therein;
- B. Approve the merger of PRC with and into PUI, with PUI being the surviving entity;
- C. Approve the succession by PUI to all the rights, privileges, powers, immunities, franchises, assets, and property of PRC with and into PUI as set forth in the Plan of Merger;

D. Permit PUI to operate the sewer systems currently owned and operated by PRC under the schedule of rates and charges currently approved for PRC by this Commission; and

E. Grant such other relief as this Commission deems just and proper.

Respectfully submitted,



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Attorneys for Joint Applicants

Columbia, South Carolina

This 31st day of March, 2017

Plan of Merger

THIS PLAN OF MERGER ("Plan") dated the 31st day of MARCH, 2017, is entered into by and between Palmetto of Richland County, LLC, a Delaware limited liability company ("PRC"), and Palmetto Utilities, Inc., a corporation organized and existing under the laws of the State of South Carolina ("PUI") (individually, a "Party" and collectively, the "Parties").

Recitals

WHEREAS, PRC is a limited liability company duly organized and existing under the laws of the State of Delaware and authorized to do business in the State of South Carolina and is authorized to provide sewer service to the public for compensation in certain portions of Richland County; and

WHEREAS, PUI is a corporation organized and existing under the laws of the State of South Carolina and is authorized to provide sewer service to the public for compensation in certain portions of Richland and Kershaw Counties; and

WHEREAS, PRC and PUI have determined that it is in their best interests and so desire to merge PRC with and into PUI, with PUI being the surviving entity, based on the terms and conditions provided herein;

NOW, THEREFORE, in consideration of the mutual agreements and covenants set forth herein, PRC and PUI hereby agree, subject to the terms and conditions hereinafter set forth, as follows:

Section 1. Merger. Pursuant to the provisions, terms, and conditions of this Plan, and in accordance with South Carolina law, on the Effective Date of the Merger (as defined below), PRC shall be merged with and into PUI (the "Merger") and the separate existence of PRC shall cease, with PUI being the surviving entity. The name of PUI as the surviving entity shall remain unchanged and PUI shall continue as a corporation organized and existing under the laws of the State of South Carolina.

Section 2. Effectiveness. The date when the Merger shall become effective when and subject to the following terms and conditions and when the following actions have been completed ("Effective Date"):

- a. This Plan shall have been adopted and approved by the member of PRC and by the shareholders of PUI, in accordance with applicable law;
- b. The Articles of Merger, Certificate of Merger, and other similar documents shall have been filed with the South Carolina Secretary of State and the Delaware Division of Corporations;
- c. This Plan and the Merger shall have been approved by the Public Service Commission of South Carolina ("Commission"); and

d. All of the conditions to the consummation of the Merger specified in this Plan shall have been satisfied or duly waived by the Party entitled to satisfaction thereof.

Section 3. Commission Approval. Within thirty (30) days following the execution of this Plan of Merger, PRC and PUI will file a joint petition with the Commission requesting approval of this Plan and the Merger. All terms and conditions contained herein are subject to PRC and PUI receiving such approval from the Commission.

Section 4. Effect of the Merger. As of the Effective Date of the Merger:

- a. PUI shall be vested with all the rights, privileges, powers, immunities, franchises, assets, and property of PRC, to include PRC's sewer systems, service territories, personal and business property, real property, easements, governmental authorizations (including the certificates of public convenience and necessity issued to), sewer system permits issued by the South Carolina Department of Health and Environmental Control ("DHEC"), and such other permits and property necessary for the operation of the systems;
- b. the PRC customers will become customers of PUI;
- c. PRC shall be responsible for and liable for all liabilities and obligations of PRC and PUI;
- d. PRC will discontinue the provision of sewer service to the public, and PRC will no longer have an authorized service territory or the related certificate of public convenience and necessity authorizing it to provide sewer service in South Carolina.

Section 5. Rates Charged Following Merger. Following the merger and until such time as a rate adjustment or other rate schedule modification is approved by the Commission, PUI will continue to charge the former PRC customers for sewer service pursuant to the current schedule of rates and charges approved by this Commission for PRC in Commission Order No. 2012-960.

Section 6. Bylaws, Directors, and Officers. From and after the Effective Date:

- a. the Bylaws of PUI shall be the Bylaws of the PUI as the surviving entity until changed in accordance with applicable law;
- b. the Articles of Incorporation of PUI, as of the Effective Date, shall continue in full force and effect as the Articles of Incorporation of PUI as the surviving entity until changed in accordance with applicable law; and
- c. the directors and officers of PUI in office as of the Effective Date shall continue to be the directors and officers of PUI as the surviving entity in accordance with the Bylaws of PUI and until their successors have been duly elected or appointed and qualified.

Section 7. Membership Interest in PRC and Stock Ownership of PUI. On the Effective Date, each unit of membership interest of PRC outstanding as of the Effective Date shall, by virtue of the Merger and without additional action on the part of PRC or PUI, shall be cancelled and all of the stock ownership of PUI existing on the Effective Date of the Merger shall remain outstanding stock in the surviving corporation following the Merger.

Section 8. Authority. Each of the Parties warrant that they are duly organized, validly existing in good standing under the laws of its state of organization and that they are duly authorized by their organizations to enter into this Plan.

Section 9. Termination. Notwithstanding anything herein or elsewhere to the contrary, this Plan shall be terminated at any time before the Effective Date, this Plan shall become void, and the Parties shall have no further obligations or liabilities hereunder upon the occurrence of any of the following events:

- a. The Merger is not adopted and approved by the members of PRC or by the stockholders of PUI, in accordance with applicable law;
- b. by written consent of PRC and PUI; or
- c. upon the issuance of an order by the Commission or a decision by another appropriate governmental authority denying approval of, enjoining, or otherwise restraining this Plan or the Merger.

Section 10. Counterparts. This Plan may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Plan is hereby executed on behalf of each of the Parties and attested to by their duly authorized representatives.

PALMETTO OF RICHLAND COUNTY, LLC

By: 
Name: MARIC S. DADAY
Its: Vice President, CFO & SECRETARY

PALMETTO UTILITIES, INC.

By: 
Name: MARIC S. DADAY
Its: Vice President, CFO & SECRETARY



March 31, 2017

John Hoefler
Willoughby & Hoefler, P.A.
PO Box 8416
Columbia, SC 29202-8416

RE: Palmetto Utilities, Inc.
Wastewater Systems: ND0068411 and SC0043451
Palmetto of Richland County (Satellite permit: SSS000922)

Dear Mr. Hoefler:

This letter affirms that Palmetto Utilities has the valid DHEC permits to operate these systems. These two permits total 12 mgd of capacity and the treatment facility is about to be expanded from 6 mgd to 12 mgd. Palmetto has also applied for a 12 mgd NPDES permit (Wateree River discharge), which would expand that permit discharge capability.

The Palmetto of Richland County system is currently approved as a satellite system to Columbia. When that flow is shifted to Palmetto Utilities -- through a construction permit already issued by DHEC -- that collection system will become a part of the Palmetto Utilities system and no longer need a satellite system permit coverage if the merger occurs.

I can be reached at 803-898-4157 or at debessjp@dhec.sc.gov.

Sincerely,



Jeffrey P. deBessonnet, P.E., Director
Water Facilities Permitting Division

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2017-__-S

Joint Application of Palmetto of)
Richland County, LLC and)
Palmetto Utilities, Inc. for Approval of) **STATEMENT OF VERIFICATION**
Merger to)
)
)

1. My name is Mark S. Daday and I am the Vice President, CFO & Secretary for Palmetto of Richland County, LLC and Palmetto Utilities, Inc. I am authorized to make this Statement of Verification on behalf of Palmetto of Richland County, LLC, and Palmetto Utilities, Inc.

2. I have read the Joint Application and Plan of Merger exhibit submitted by the Joint Applicants and verify that the facts and statements contained therein are true and accurate to the best of my knowledge, information, and belief.

FURTHER AFFIANT SAYETH NOT.

Sworn to and subscribed before me
this 31 day of March, 2017).



Mark S. Daday

Dawn H. Bazerman
Notary Public for SC
My Commission Expires: 1-25-2025